[Mr. Thomas Chandy Mukkadan.]

നന്ദവാദം കൊടുത്ത അഗ്രിക്കൾച്ചറിസ്റ്റ്സ് റിലീഫ് ആക്ട് അമെൻറ മെൻറ ബിൽലിൻെറ ചാർജ്ജ് എടുക്കുന്നതിനു സ്റ്റാൻറിംഗ് ആർഡർ 8 (2) അനുസരിച്ച് എന്നെ അനുവദിക്കണമെന്നും ഈ സംഗതി സംയുക്തസമ്മേളനത്തിൽ പര്യാലോചിയ്ക്കപ്പെടണമെന്നും ഞാൻ അഭിപ്രായപ്പെട്ടതു.

Mr. C. N. Thuppan Namboori (*Jenmies*): ഞാൻ ഈ അഭിപ്രായത്തെ പിൻതാങ്ങുന്നു.

The above motion was accepted by the House.

The House adjourned at 11-35 A. M.

JOINT SITTING OF THE SRI MULAM ASSEMBLY AND THE SRI CHITRA STATE COUNCIL.

A joint sitting of the Sri Mulam Assembly and the Sri Chitra State Council was held at 12 noon. The Dewan addressed the Honourable Members as follows :—

Honourable members of the Legislature;

I have taken the liberty of requesting the attendance of the two Houses of the Legislature for the purpose of explaining certain matters to the honourable members and also of obtaining some assistance in the solution of what is indubitably, a very important and intricate question. At the outset let me hasten to correct a misconception that seems to prevail. I was the recipient of some letters and I have also received some oral representations to the effect that this is regarded as an attempt on the part of the Government to shelve or postpone or hinder the enactment of legislation in the matter of debt relief. Let me at once correct that impression. This joint meeting of the Houses of the Legislature is intended solely and simply for the purpose of considering certain doubts which Government feel and to have those doubts resolved mainly in order to enable Government, with the assistance of the members of the two Houses, to introduce legislation which will be initiated without any delay and in the space of a few weeks rather than of months. Let me therefore begin by saying that this meeting of the two Houses is not to be regarded as part of dilatory tactics. I wish to assure the honourable members of the Legislature that Government are as much alive to the importance and the seriousness of the situation in so far as certain debts and debtors and people with certain assets and a certain amount of indebtedness are concerned and it is the object and aim of Government to help those that are in real need of help. And, such help will be and must be forthcoming without any delay.

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I shall next advert to certain points on which there is and need be no controversy and certain points on which Government feel doubts. I may say at once that Government have not finally made up their minds on any of the matters which will be placed by me before the House and Government are open to conviction as a result of the discussion here. The views of the two Houses of the Legislature will be of the utmost value in coming to a decision.

After having said that the Government are open to conviction, I may also say that there are certain preliminary observations that I should like to make and the first is to pay a tribute to the labours of the Debt Relief Enquiry Committee whose enquiries, investigations and discussions have resulted in a report from which Government have derived and will derive, I feel certain, very great assistance indeed. With a great deal of what is contained in the report and I say it with the utmost pleasure, Government are in entire agreement and they intend and propose to implement those portions with which they are in agreement as early as possible. The President and members of the Committee in a very short time and working intensively and at high pressure have gone into the matter most thoroughly and have produced an extremely valuable report. I am sure members of both the Houses will acknowledge that assistance from the labours of that Committee which the Government have derived and acknowledged. It is beyond controversy that there is a real evil and that evil has to be remedied, and the problem of indebtedness has to be solved. Now the question is, what is the solution and how far can that solution proceed. There are one or two observations contained in the report of the Debt Relief Enquiry Committee to which I shall draw attention. On pages 18 and 19 of the Committee's report are contained the statement which are of a revealing and instructive character. The Committee say :

> "It cannot be denied that a substantial restriction of credit would result. That is said to have been the immediate result of the Madras Act.....
>
> Naturally, the first reaction of the person who has money to invest or lend would be to avoid subjecting himself to the risk of such legislation in future.....
>
> This, however, is a state of mind which is not likely to last long and it may be anticipated that in a few years, the capitalist would find his fund gradually diminishing by consumption and would again start to make profit by lending it out. The other alternative is that the capitalist big or small, would invest his money in Government Savings Banks or bonds, thereby providing the Government with money for financing business."

Mark the words "thereby providing the Government with money for financing business." Such financing Government can undertake only to a very limited extent. Then the report further says :

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> "Here we would only say that provisions for scaling down existing debts should be supplemented by provisions for future credit to the workers."

Reading this as a whole it will be seen that here and on pages 38 and 39, this Committee, composed as it is of men eminent in several walks of life, have undoubtedly realised that the problem would have to be solved on the lines of the interference with contracts, and what has been called the sanctity of contracts. That they realise and they say that that interference with the sanctity of contracts should be and would be justified on special grounds. There has been a considerable amount of agitation and discussion on this subject. But there has been much less of agitation and discussion on the part of persons who are really hard hit than on the part of persons who are not so hard hit.

One of the points which the Government would wish to ascertain is as to who are the persons who are to be benefited by any such legislation? In regard to this, at page 9 of their report the Committee say:

> "The main ground on which the claim for relief is based is the sudden and abnormal increase in the burden of debt due to the steep fall in prices. This increase equally affects the small man and the big man and makes it necessary to relieve both from the inequitable burden."

Speaking for myself, I find it difficult to subscribe to that proposition, and I do not wish to disguise this from the assembled members of the two Houses of Legislature. Why is any such relief provision necessary? It is necessary for the purpose of helping the otherwise helpless man, the debtor who is in the clutches of the moneylender or the capitalist and who cannot really bargain on equal terms with the creditor and not for the purpose of relieving the speculator, the man who has a considerable amount of money or property and has also incurred losses and debt and who has not been at the mercy of the creditor. Supposing a man with 1,000 acres goes to a creditor and asks for money and the creditor says that he will give it only at 12 per cent. interest, it is open to the former not to borrow the money but to sell 500 of those acres and deal with the situation and he is not at the mercy of the creditor; whereas the man with one acre is at the mercy of the creditor if he desires to raise money thereon and is entirely amenable to his influence. Are such relief measures to be applicable to persons who are able to deal with creditors more or less on an equal footing and are able to bargain with them? At the present moment I say that Government have not made up their minds on this matter but they do feel that it is in many senses very difficult for them to deal with the question of large capitalists—they are after all capitalists themselves—dealing with other large capitalists. At page 10 of their report the Committee say:

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"It must also be remembered that there are several ways in which relief may be granted to the debtor, short of finding money to discharge his debt. Reduction in the rate of interest and the concession to repay the debt in instalments spread out over a number of years are substantial advantages of which there can be no justification to deprive the man with the burden of a big debt."

How and why did he get that big debt?

In regard to that matter let me refer to reports of the Banking Enquiry Committee and the Economic Depression Enquiry Committee. The statistics collected by them prove that 77 per cent. of the debts were incurred at that time in respect of the discharge of prior encumbrances. In the Banking Enquiry Committee Report at page 48, paragraph 60 gives the purposes for which loans were secured in the year 1928—29. Loans for payment of prior debts formed 71.7 per cent. while those for improvement of lands formed 4·8 per cent. Therefore, if it is asserted that these moneys were borrowed for improving the agricultural holdings of the large debtors, this contention is belied by these figures. Apart from that, is it the duty of the public, is it the duty of the Legislature or is it the right of the Legislature to help the people who are or must be otherwise able to help themselves? That is a point on which Government would like to have instruction and enlightenment from the assembled members of the two Houses. If a person lends say Rs. 50,000 to another person who is able to get enough credit for the purpose either of speculation or for the purpose of increasing an already large holding by making it larger, on what principle or precedent or practice or legislative convenience is it that Government and the Legislature should intervene? Should they help the rich man who has tried to become richer and who has not succeeded in becoming so? At pages, 18 and 19 of the Debt Relief Committee's report it has been stated that reasonable relief should not be unfair to either party. That is exactly the position that Government wish to take and that is a matter on which also Government would like to get full and comprehensive advice from the assembled members of the two Houses.

As I said, there are many matters in regard to which there is no controversy. On the question of the compartmental treatment of agricultural and other debts, the Government are at one with the Committee. With regard to making these measures not available to the agriculturists alone the Government are entirely with the Committee. With regard to the question of reducing the rate of interest and the question of the period of repayment, the Government are at one with the Committee. On the question of banks and co-operative societies, the Government are at one with the Committee subject to what I shall say later as to the co-operative societies. In

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regard to the question of lowering the minimum to be advanced by the Credit Bank to Rs. 100 and the raising of the advances to be made to 60 per cent. of the holdings, the Government are at one with the Committee.

The points on which the Government wish to get elucidation are only a few. One of those points as I have already stated is the question as to whether the remedy is to be extended to all persons irrespective of their pecuniary status or is it to be confined in some other manner? In regard to this various suggestions have been made. It has been suggested for instance that the majority of the debtors in this State owe practically small amounts of money. It is proved that about 95·2 per cent. of the debtors in the State are those whose debts are below Rs. 5,000. If Government and the Legislature are going to help the debtors, should they not confine themselves to attending to those persons and their needs rather than to attending also to those who have been able to obtain larger advances and have availed themselves of those advances? Of the small debtors it could readily be said that their present plight is due to the phenomenal fall in prices. But with regard to the other people with large debts, could it or could it not be said that they have had a good time, that they made large incomes some time ago, that they have not been making equally large incomes now and that they not unnaturally desire relief? The matter has been put to me like this---that people who pay Rs. 100 or more as land tax and those who are assessed to income tax of Rs 100 or more should be outside the scope of relief and that only others should be within the scope of this Bill. That is a matter on which opinion has to be gathered. It is also a self-evident fact that those who get their income in money have not been affected by the depression.

The next point is about the Co-operative Societies; that is another important matter that has arisen for solution. On that, Government have not only not made up their minds but fully realise that there is a good deal to be said on both sides. There is no doubt that the Co-operative Societies in Travancore have been functioning—or have been reported to be functioning—more or less like usurers; in other words, they have been making advances on terms not very different from and conditions not dissimilar to those adopted by ordinary money lenders, so that there would be nothing unjust in the same treatment being meted out to them as will be meted out to the money-lenders. But there is another aspect with regard to the Co-operative Societies, which will have to be borne in mind. Government started these societies with a certain purpose, and armed them with certain powers and privileges; they were given the powers to make their own bye-laws and rules. In fact,

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Government, when they started these societies, gave them a send off as it were in order that their avowed object might be fulfilled. The question has to be considered whether the Government should do anything which may lead to the collapse of many societies or rather the majority of the existing societies.

Then, another point on which too certain doubts have been expressed is this. The Debt Relief Committee has not dealt with what may be called the small creditor, apart from the small debtor. I am referring to a person whose sole asset in this world is a sum of say, Rs. 1,000. As honourable members are aware, there are many such persons, many of them widows or helpless old men who have invested small amounts with capitalists on whom they rely to maintain themselves. I know of such cases very well. Invariably, such persons choose the wealthiest man in the village and deposit the money with him. It will then happen that many of these wealthy men become debtors to these widows, these helpless women with only a thousand rupees to their credit in the whole world, and no other asset. Now the question is, are you going to allow the scaling down in favour of these rich men of the villages and against the poor widow who has only Rs. 1,000 to her credit. That is a matter which the House will have to consider. Are the poor widow with her Rs. 1,000 to her credit, and the millionaire who is debtor to the widow to be treated on the same footing as other creditors and debtors? That is the point that the House has to consider.

Then comes the question of trade debts about which also a great deal can be said on both sides. Again I may say, that Government have not come to any conclusion on this point either although the question is intimately bound up with the maintenance of the commercial credit of the country without which industrial progress will be rendered difficult. The observations of the committee on this point are contained in paragraph 111, at page 38 of their report. They say that the choice lies between the wholesale merchants and the retail trader, and state that, as between them, the former could better bear the loss than the latter. The same rule, I submit, should be applied to the debtor also. If the question is as to who could bear the burden better as between the big debtor and the small debtor, certainly it is the former; because, it is possible for him, by selling the bulk of his properties if need be, to pay off all his debts, and still have something left with him for keeping body and soul together; that is out of the question so far as the small debtor is concerned since he owns just enough for pulling on

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Another point on which there is or can be some doubt is with regard to the agency to settle these disputes between the creditor and the debtor. I may say as the head of the administration that, generally speaking, Government are now agreed that what may be called a voluntary agency through conciliation courts—the course that has been tried here—has not been successful; and Government are perfectly willing to take these disputes back to the courts. It cannot but be admitted that the problem originally arose entirely on account of the Civil Courts in the country, on account of the delays in the courts, notwithstanding the efficiency of our Judicial officers. It cannot but be admitted that the delays in the disposal of suits, especially of execution proceedings, have been so great that both the creditor and the debtor really lost heart over this matter. Unless in the future Government and the court can do something to avoid such inordinate delays, we shall really be in a very bad position indeed. Our courts seem to have thought that speed and expedition do not matter in relation to efficiency of judicial work; and that has led to inordinate delays and this difficult problem now confronting us. If within six months or a year of the date of filing a suit a decree was passed, and within the next six months it is executed, there would have been no trouble at all. Now, the delay has led to such great accumulation of interest that new factors have come into operation. I am sorry to have to say that much of our trouble arising out of agricultural and other indebtedness has been due to the dilatoriness of the courts of this country. I make this observation in the hope that courts will do their work more expeditiously and not grant frequent adjournments either to suit the convenience of the lawyers or of the judges themselves, or for other considerations, and will not lend themselves to misplaced doctrinaire propositions in favour either of the debtor or of the creditor.

Now, I hope it will be clear to the House that the Government are at one with the committee on most points.

As at present advised, Government feel great practical difficulty in extending help to the rich debtor. Are we to bring in the legislation merely because a set of rich, influential debtors have successfully organised public opinion and set up a strong agitation in their support? This is what the Committee state in paragraph 54, at page 19 of their report:

> "It is also feared, and not without reason, that the compulsory reduction of debts will make borrowers reckless in the hope that agitation would always bring about legislation easing the burden of debt. If by the nature and frequency of debt legislation such an idea was likely to be encouraged, the result would certainly be deplorable. Any material benefit that debtors might occassionally derive therefrom would be more than counterbalanced by the moral deterioration caused by the systematic disregard of the

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> pledged word. That is a contingency that Governments and Legislatures have to provide against. It must be made plain beyond any doubt that mere agitation by the debtors for the purpose would not result in legislation relieving them from the obligation to carry out their contracts."

Assuming for a moment that the whole problem has been due to agitation on the part of certain rich and influential persons in the country who happened to borrow huge sums of money and are therefore now in the position of debtors, should the Legislature help rich debtors and speculators by a scaling-down legislation in their favour. Assuming that we take such steps, what is there to prevent the agitation being repeated some time hence, and another attempt being made to scale down further even the scaled-down debt? If the idea gains ground that influential and well-to do people who have money and resources at their command can go about and get a legislation of this kind enacted, credit will stop and no industrial progress will be possible. I hope the Legislature will make it clear that agitation of any kind will not give rise to legislation of this kind in future. Any step that we now take must be of such character that it will have the element of finality. It must be made perfectly clear to the country at large that after the debts are scaled down now, there will be no other chance of further agitation started for the purpose of any further relief. I feel very strong on that particular aspect of the matter, because I know that in countries which have enacted legislation of this kind, credit has notably shrunk and money is moving from certain localities where such legislation has come into being, because of the uneasiness of creditors. I am absolutely not in sympathy with the money-lender who, taking advantage of the necessity and the circumstances of the borrower, pushes him to a corner, files a suit against him, gets a decree against him and after some time threatens execution and gets into an agreement with him adding some more money and getting a new document. The question is whether relief is to be given only to such persons against whom all those ways and arts can be used, or also to people who are more or less on an equal status with the creditors, and who do the same thing with *their* debtors--for, many of these debtors are creditors too. Such information as Government have in their possession indicates that, while they were very anxious to have their debts scaled down, such big debtors have not been equally merciful to *their* debtors and have continued to indulge in expensive pre-occupations. These aspects must be borne in mind by the members of the two Houses. It is because Government feel that they cannot take up a definite position, on all these topics fraught with very grave consequences, without a full discussion of the subject by the Legislature, that Government have taken the step of regimenting the combined wisdom of the two Houses of the Legislature.

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How the Legislature may proceed is a matter on which I would make a suggestion, *viz.*, that the House may very informally discuss the matter amongst themselves, go into committee, so to say, for a day or two; at the end, if there is some kind of unanimity the result may be reported by the two Houses. By such a course, one undoubtedly valuable result would be achieved, *viz.*, the two Houses of the Legislature will come to a common understanding with regard to this matter; and we can have a legislative enactment pushed through later on. Otherwise, having regard to the temperament and the composition of the two Houses of the Legislature, there may be the possibility of conflict of opinion; Government are anxious to avoid that. There should be the greatest common measure of agreement; that is why the suggestion has been made that the two Houses of the Legislature should meet together and deliberate on this matter, have a full discussion, and then, if it is possible, bring those conclusions into a form. We shall then know how the opinion lies; and Government will formulate their opinion having regard to the general feeling in the country. I may again assure the honourable members of the House that, even on the point of the rich and the poor debtors, although, speaking personally, I have strong views on the subject, I do not think I am entitled to act upon those views *per se* if it is found that the general opinion is that the rich debtor should be helped as well as the poor debtor, Government will pay due weight to that view; only, I do not want to hide from the honourable members of this House my personal opinion that a legislation of this kind should help only the necessitous, the poor man, and not the rich man, who taking advantage of the credit which he had by virtue of his large assets entered into certain transactions but was not able to make the profit which he bargained for. That is my personal opinion. But Government are not wedded to that opinion and they will be guided very largely by the opinion of the country as voiced by its representatives in the two Houses of the Legislature.

With these words, I would invite the honourable members to go into an informal conference for the purpose of discussing the matter, if they do not find any objection to that procedure.

Mr R. Sambasiva Aiyar (*Member, Sri Mulam Assembly—(Nominated for the purpose of the Travancore Agriculturists' Relief Act (Amendment) Bill*): Sir, I would submit for the consideration of the Chair,

President: I would like to know first whether what I have said commends itself to the main organised parties of the House. What is your opinion, Mr. Padmanabha Pillai?

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Mr. Kainikkara M. Padmanabha Pillai (*Member, Sri Mulam Assembly—Changanacherry* cum *Peermade Constituency*) : I think we might discuss the matter as suggested by you. In view of the great importance of the subject, I would request the Dewan-President to preside at those meetings.

President : It is not with the view that I should retire and allow honourable members to discuss amongst themselves that I made the suggestion. It is because an informal discussion is likely to clear doubts, and be more elucidatory that I made the suggestion. I propose to be here from the first to last. But does the procedure commend itself to the honourable members ?

Mr. Kottur Kunjukrishna Pillai (*Member, Sri Chitra State Council—Quilon* cum *Kunnattur Constituency*) : I agree to the procedure suggested by the Chair.

Mr. K. G. Kunjukrishna Pillai (*Member, Sri Mulam Assembly—Neyyattinkara* cum *Trivandrum Constituency*) : I also agree to that procedure.

President : Does any member wish to raise any objection to that procedure ?

Mr. N. Ramakrishna Pillai (*Member, Sri Mulam Assembly—Vaikam* cum *Kottayam Constituency*) : I also agree to the suggestion made by the Chair.

Mr. Kochikal P. Balakrishnan Tampi (*Member, Sri Chitra State Council—Karunagapalli, Kartikapalli and Ambalapuzha* cum *Shertallai Constituency*) : I too agree, but this should not become a precedent. In view of the importance and emergency of the problem, I agree to the procedure suggested by the Chair ; but I do not wish that the individual deciding power of either of the two Houses should suffer to any extent.

President : I quite realise that. I am one with the honourable member who spoke last. But, there are ever so many difficulties in the matter. Suppose, for instance, the same problem is put to the Assembly, and the Assembly comes to certain conclusion ; and then the Council may not arrive at the same conclusion. Everybody says that the whole problem must be dealt with soon. That is why this procedure has been adopted. If there is some unanimity, the idea of Government is to summon the Assembly very shortly—and then the Council—and push through some suitable legislative enactment. That is the present idea of Government.

In view of the informal discussion, the question is whether it should be open to the press ? I am entirely at the hands of the House.

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Mr. Kochikal P. Balakrishnan Tampi: They may also be informally present.

President: I have no objection to that. The House will now adjourn.

The Joint Sitting terminated at 12-40 P. M.

A. GUNAMONY,
Secretary to the Sri Chitra State Council.

[*The proceedings of the informal conference which took place subsequently to discuss the Report of the Debt Relief Enquiry Committee are issued as a separate appendix to this Volume.*]

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